

UPPER MOHAWK  
VALLEY  
MEMORIAL  
AUDITORIUM  
AUTHORITY

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS  
AND  
BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
December 31, 2020

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**

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**Independent Auditor's Report**

Board Members

Upper Mohawk Valley Memorial Auditorium Authority

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business type activities of the Upper Mohawk Valley Memorial Auditorium Authority (the Authority), a public benefit corporation of the State of New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Upper Mohawk Valley Memorial Auditorium Authority as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Qualified Opinion**

The financial statements do not reflect all of the costs of the Authority's Capital Assets, as discussed in Note 1. Generally accepted accounting principles require these assets to be capitalized and depreciated over the useful lives of the assets. Since complete fixed asset records are not maintained, we were unable to determine the necessary adjustments to assets, net position and expenses, and whether or not the adjustments would be material to the financial statements.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of Upper Mohawk Valley Memorial Auditorium Authority, as of December 31, 2020, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Adjustments**

As discussed in Note 8 to the financial statements, the Authority recorded various prior period adjustments to reduce net position by a net of \$37,500. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January \_\_, 2022, on our consideration of the Upper Mohawk Valley Memorial Auditorium Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

### **Other**

The financial statements of the Upper Mohawk Valley Memorial Auditorium Authority as of and for the year ended December 31, 2019, were audited by other auditors whose report dated September 8, 2021, expressed a qualified opinion on those financial statements. The basis of the qualification was due to the incompleteness of the Authority's fixed assets.

*D'Arcangelo + Co., LLP*

February 10, 2022

Rome, New York

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Board Members

Upper Mohawk Valley Memorial Auditorium Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Upper Mohawk Valley Memorial Auditorium Authority (The Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 10, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we did identify certain deficiencies in internal control that we consider to be either a material weakness or significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2019-1 to be a material weakness. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2020-1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Upper Mohawk Valley Memorial Auditorium Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*D'Arcangelo & Co., LLP*

February 10, 2022

Rome, New York

**UPPER MOHAWK VALLEY MEMORAL AUDITORIUM AUTHORITY**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2020**

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**I. Material Weakness**

See Status of Prior Year Findings and Recommendations.

**II. Significant Deficiency**

2020-1 Governance and Reporting Requirements of Public Authorities Reform Act (PARA) of 2009

**Condition:** The Authority has not submitted the reports required under PARA of 2009 to the New York State Authorities Budget Office (ABO) via the Public Authorities Reporting Information System (PARIS). Also, the Authority has not complied with additional requirements established by PARA of 2009 relating to governance, as follows:

- The Board has not established an audit committee.
- The Board has not adopted a Code of Ethics.

**Criteria:** The ABO is the authoritative body for Authorities. The mechanisms by which the ABO verifies public authorities are complying with statutory requirements are essential to protecting their duties of accountability and transparency to the public. The ABO requires compliance with the Public Authorities Accountability Act (PAAA) of 2005 and the Public Authorities Reform Act (PARA) of 2009. Specifically, the PARA of 2009 established reporting requirements for Public Authorities, including but not limited to the submission of:

- (1) Budget report (due 60 days before the start of the fiscal year for local public authorities)
- (2) Annual report (due 90 days after the end of the fiscal year)
- (3) Copy of their independent audit (due 90 days after the end of the fiscal year)

**Cause:** The delay in submission of the required reports is primarily the result of the prior years' audits not being completed in a timely manner.

**Effect or Potential Effect:** The ABO may deem the Authority non-compliant and take enforcement action against the Authority or its Board.

**Known Questioned Costs:** None noted.

**Recommendation:** The Board and management should review the compliance requirements outlined in the PAAA of 2005 and the PARA of 2009 and implement policies and procedures to monitor and ensure compliance. In addition, Board members should participate in training to gain a better understanding of their responsibilities and help ensure compliance.

**Response:** The Authority agrees with the recommendation.



**UPPER MOHAWK VALLEY MEMORAL AUDITORIUM AUTHORITY**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2020**

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**I. Material Weakness**

2019-1 Fixed Assets

**Condition:** Prior to 1998, the Authority recorded equipment acquisitions and major building improvements as expenditures in the current period. Therefore, the Authority's fixed asset records are incomplete and the audit report had to be qualified.

**Criteria:** Generally accepted accounting principles require fixed assets to be capitalized and depreciated over the assets' useful lives. Generally, fixed assets include land, buildings, improvements, equipment, vehicles, and infrastructure.

**Status:** The same condition was noted again in the current year audit. In addition, the Authority does not maintain a complete fixed asset database. We also noted that there is no formal process for tagging and tracking fixed assets, or for the disposition of assets.

**Recommendation:** We recommend that the Authority implement procedures for maintaining a complete fixed asset database and for calculating depreciation. These procedures should include performing an inventory of fixed assets to ensure the database is complete. These procedures should also include a process for tagging, tracking, and disposing of fixed assets.

**Response:** The Authority agrees with the recommendation.

**Status:** Management is working on implementing the recommended policies and procedures.

**UPPER MOHAWK VALLEY MEMORAL AUDITORIUM AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2020**

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The following is a discussion and analysis of the Upper Mohawk Valley Memorial Auditorium Authority (The Authority)'s financial performance for the year ended December 31, 2020. This section is a summary of the Authority's financial activities based on currently known facts, decisions and conditions. This section is only an introduction and should be read in conjunction with the Authority's financial statements, which immediately follow this section.

**1. INTRODUCTION**

The Upper Mohawk Valley Memorial Auditorium Authority (the Authority), a public benefit corporation, was established to own and operate the former Utica Memorial Auditorium. The Authority was organized under Public Authorities Law of the State of New York in 1996. The Authority's mission is to provide an environment for entertainment, sports, community events and recreation in order to create a positive economic impact and improved quality of life for the citizens of the Mohawk Valley.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which requires that transactions be recorded when they occur, not when its related cash receipt or disbursement occurs.

The Statements of Net Position depicts the Authority's financial position at December 31, the end of the Authority's fiscal year. The statements present all the financial assets and liabilities of the Authority. Net Position represents the Authority's assets after liabilities are deducted.

The Statements of Revenues, Expenses and Changes in Net Position report operating revenues and expenses, non-operating revenues and expenses and the change in net position for the years ended December 31, 2020 and 2019. The change in Net Position combined with the previous year's net position total, reconciles to the net position total for the reporting period.

The Statements of Cash Flows report cash activities for the year resulting from operating activities, investing activities, and capital and related financing activities. The net result of these activities, added to the beginning of the year cash balance, reconciles to the total balance at the end of the year.

**3. SUMMARY OF FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal years 2020 and 2019 are as follows:

- The Authority's net position decreased from of \$20,725,981 at December 31, 2019 to \$19,685,380 at December 31, 2020.
- The Authority's change in net position, or the amount by which expenses exceeded revenues, for the years ending December 31, 2020 and 2019 was \$1,040,601 and \$864,208, respectively.

**UPPER MOHAWK VALLEY MEMORAL AUDITORIUM AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2020**

**4. FINANCIAL ANALYSIS**

A summary of the Authority's Statements of Net Position for December 31, 2020 and 2019, is as follows:

<b>Table A-1 Statement of Net Position</b>				
	<u>2020</u>	<u>Restated 2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current Assets	\$ 197,854	\$ 308,175	\$ (110,321)	(35.8%)
Capital Assets, Net	<u>22,037,189</u>	<u>23,224,653</u>	<u>(1,187,464)</u>	(5.1%)
Total Assets	<u>\$22,235,043</u>	<u>\$23,532,828</u>	<u>\$ (1,297,785)</u>	(5.5%)
Current and other Liabilities	\$ 385,872	\$ 462,124	\$ (76,252)	(16.5%)
Non-Current Liabilities	<u>2,163,791</u>	<u>2,344,723</u>	<u>(180,932)</u>	(7.7%)
Total Liabilities	<u>\$ 2,549,663</u>	<u>\$ 2,806,847</u>	<u>\$ (257,184)</u>	(9.2%)
Total Net Position	<u>\$19,685,380</u>	<u>\$20,725,981</u>	<u>\$ (1,040,601)</u>	(5.0%)

Current assets decreased by \$110,321 due to decreases in accounts receivable of \$35,485 and cash of \$74,836.

Capital assets, net of the related accumulated depreciation, decreased by \$1,187,464, due to depreciation expense exceeding capital outlays in the current year.

Current liabilities decreased by \$76,252, primarily due to decreases in accounts payable of \$83,184 due to the timing of the payments to the management company, offset by an increase in the current portion of long-term debt of \$6,932.

Non-current liabilities decreased by \$180,932 due to principal payments made on debt during the year.

The Authority's net position decreased by \$1,040,601 from 2019 to 2020.

**UPPER MOHAWK VALLEY MEMORAL AUDITORIUM AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2020**

The results of this year's operations as a whole are reported in the Statements of Revenues, Expenses, and Changes in Net Position in the accompanying financial statements. A summary of this statement for the year ended December 31, 2020 and 2019 is as follows.

**Table A-2 Changes in Net Position**

<b>Revenues</b>	<u>2020</u>	<u>Restated 2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Municipal Subsidies and Grants	\$ 732,050	\$ 732,050	\$	0.0%
Special Event Income		93,000	(93,000)	(100.0%)
Advertising Income	147,034	150,000	(2,966)	(2.0%)
Capitalization Fund Income	79,434	231,993	(152,559)	(65.8%)
Interest Income	8	77	(69)	(89.6%)
Other Income	<u>31,914</u>		<u>31,914</u>	100.0%
Total Revenues	<u>990,440</u>	<u>1,207,120</u>	<u>(216,680)</u>	(18.0%)
<b>Expenses</b>				
Operations	672,976	699,029	(26,053)	(3.7%)
Interest	113,371	121,262	(7,891)	(6.5%)
Depreciation	<u>1,244,694</u>	<u>1,251,037</u>	<u>(6,343)</u>	(0.5%)
Total Expenses	<u>2,031,041</u>	<u>2,071,328</u>	<u>(40,287)</u>	(1.9%)
Change in Net Position	<u>\$ (1,040,601)</u>	<u>\$ (864,208)</u>	<u>\$ (176,393)</u>	

The Authority's revenues decreased by \$216,680 or 18% between the years ended December 31, 2019 and December 31, 2020. This decrease was primarily the result of a decrease in Capitalization Fund Income of \$152,559 and Special Event Income of \$93,000 due to restrictions and closures related to COVID-19.

The Authority's expenditures for operations decreased by \$26,053 or 3.7% between the years ended December 31, 2019 and December 31, 2020. This was primarily due to less repairs and maintenance during the year due to COVID-19 related closures.

**Table A-3 Changes in Capital Assets**

	<u>2020</u>	<u>Restated 2019</u>	<u>Increase (Decrease)</u>
Land	\$ 2,087,595	\$ 2,087,595	\$
Construction in Progress	403,469	402,374	1,095
Building & Improvements	24,144,671	24,144,671	
Equipment	<u>1,948,933</u>	<u>1,892,798</u>	<u>56,135</u>
Total	28,584,668	28,527,438	57,230
Accumulated Depreciation	<u>6,547,479</u>	<u>5,302,785</u>	<u>1,244,694</u>
Net Capital Assets	<u>\$ 22,037,189</u>	<u>\$ 23,224,653</u>	<u>\$ (1,187,464)</u>

See Independent Auditor's Report

**UPPER MOHAWK VALLEY MEMORAL AUDITORIUM AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2020**

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The Authority owns property and equipment located in the City of Utica. The overall decrease in net capital assets from 2019 to 2020 is due to the excess of depreciation costs over capital asset additions in the current year.

<b>Table A-4 Summary of Long-Term Debt</b>			
	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Long-Term Debt	<u>\$ 2,349,170</u>	<u>\$ 2,523,170</u>	<u>\$ (174,000)</u>

The decrease in long-term debt is due to the principal payments made during year.

**4. FACTORS BEARING ON THE AUTHORITY'S FUTURE**

Major Shows

The Upper Mohawk Valley Memorial Auditorium Authority expects to continue hosting many annual shows, including The Harlem Globetrotters, WWE, Utica College Hockey, local high school and college graduations, as well as other athletic competitions, concerts and other events. Professional sports returned to the Adirondack Bank Center with the Utica Comets of the American Hockey League in 2013 and with the addition of Utica City FC of the Major Arena Soccer League in 2018. In 2020, there were a total of 29 events with a total of 71,014 people in attendance.

PILOT Payment Amount (Municipal Subsidy)

The Authority PILOT payment is paid in monthly installments from the Mohawk Valley Water Authority. The payment totaled \$732,050 in both 2020 and 2019. This amount will remain the same until 2022, when it is scheduled to increase to \$805,255.

**6. CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances for all those who have an interest in this Authority's finances. Questions concerning any of the information presented in this report, or requests for additional financial information should be addressed to the Upper Mohawk Valley Memorial Auditorium Authority, 400 Oriskany Street West, Utica, NY 13502.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>Restated 2019</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 50,698	\$ 125,534
Accounts Receivable	<u>147,156</u>	<u>182,641</u>
Total Current Assets	<u>197,854</u>	<u>308,175</u>
Capital Assets		
Land	2,087,595	2,087,595
Construction in Progress	403,469	402,374
Buildings and Improvements	24,144,671	24,144,671
Equipment and Machinery	<u>1,948,933</u>	<u>1,892,798</u>
Total Capital Assets	<u>28,584,668</u>	<u>28,527,438</u>
Less: Accumulated Depreciation	<u>(6,547,479)</u>	<u>(5,302,785)</u>
Capital Assets, Net	<u>22,037,189</u>	<u>23,224,653</u>
<b>Total Assets</b>	<u><b>\$ 22,235,043</b></u>	<u><b>\$ 23,532,828</b></u>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	\$ 87,993	\$ 171,177
Debt Payable-Current Portion	185,379	178,447
Deferred Revenue	<u>112,500</u>	<u>112,500</u>
Total Current Liabilities	<u>385,872</u>	<u>462,124</u>
Noncurrent Liabilities		
Debt Payable, Net of Current Portion	<u>2,163,791</u>	<u>2,344,723</u>
<b>Total Liabilities</b>	<u><b>2,549,663</b></u>	<u><b>2,806,847</b></u>
<b>Net Position</b>		
Net Investment in Capital Assets	19,688,019	20,701,483
Unrestricted	<u>(2,639)</u>	<u>24,498</u>
<b>Total Net Position</b>	<u><b>19,685,380</b></u>	<u><b>20,725,981</b></u>
<b>Total Liabilities and Net Position (Deficit)</b>	<u><b>\$ 22,235,043</b></u>	<u><b>\$ 23,532,828</b></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>Restated 2019</u>
<b>Revenues</b>		
Municipal Subsidies and Grants	\$ 732,050	\$ 732,050
Special Event Income		93,000
Advertising Income	147,034	150,000
Capitalization Fund Income	79,434	231,993
Interest Income	8	77
Other Income	<u>31,914</u>	
Total Revenues	<u>990,440</u>	<u>1,207,120</u>
<b>Operating expenses</b>		
Utilities	297,071	258,180
Insurance	110,570	100,850
Repairs and Maintenance	93,330	127,490
Contracted Building Maintenance	3,775	2,810
Taxes and Licenses	42,091	
Trash and Snow Removal	28,081	53,176
Professional Service Contracts	39,610	64,114
Telephone	31,917	34,013
Supplies	15,675	36,071
Office supplies	7,338	15,306
Bank charges	2,518	5,898
Miscellaneous	1,000	1,121
Depreciation	<u>1,244,694</u>	<u>1,251,037</u>
Total Operating Expenses	<u>1,917,670</u>	<u>1,950,066</u>
<b>(Loss) From Operations</b>	(927,230)	(742,946)
<b>Other Expense</b>		
Interest and Other Financing Charges	<u>113,371</u>	<u>121,262</u>
<b>Change in Net Position</b>	(1,040,601)	(864,208)
<b>Net position, beginning of year</b>	<u>20,725,981</u>	<u>21,590,189</u>
<b>Net position, end of year</b>	<u>\$ 19,685,380</u>	<u>\$ 20,725,981</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>Restated 2019</u>
Cash Flows From (Used By) Operating Activities		
Cash Received from Government Grants	\$ 732,050	\$ 1,089,294
Cash Received from Customers	293,875	334,949
Cash Paid for Goods and Services	(756,160)	(682,586)
Net Cash From Operating Activities	<u>269,765</u>	<u>741,657</u>
Cash Flows From (Used By) Capital and Related Financing Activities		
Cash Payments for the Purchase of Property	(57,230)	(665,043)
Principal Payments on Long-term Debt	(174,000)	(162,842)
Proceeds from Long-term Debt		32,302
Interest Expense	(113,371)	(121,262)
Net Cash (Used By) Capital and Related Financing Activities	<u>(344,601)</u>	<u>(916,845)</u>
Net Decrease in Cash and Cash Equivalents	(74,836)	(175,188)
Cash and Cash Equivalents, Beginning of Year	<u>125,534</u>	<u>300,722</u>
Cash and Cash Equivalents, End of Year	<u>\$ 50,698</u>	<u>\$ 125,534</u>
Reconciliation of Income Before Non-Operating to Net Cash Flows From (Used By) Operating Activities:		
(Loss) From Operations	\$ (927,230)	\$ (817,946)
Adjustments to Reconcile (Loss) from Operations to Cash Flows From Operating Activities:		
Depreciation	1,244,694	1,251,037
(Increase) Decrease in Operating Assets:		
Accounts Receivable	35,485	(65,121)
Grants Receivable		357,244
Prepaid Expenses		7,505
Other Assets		1,121
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(83,184)	82,817
Deferred Revenue	<u></u>	<u>(75,000)</u>
Net Cash Flows From Operating Activities	<u>\$ 269,765</u>	<u>\$ 741,657</u>

The Accompanying Notes are an Integral Part of These Financial Statements.



**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Background and Operations**

The Upper Mohawk Valley Memorial Auditorium Authority (the Authority) was established in 1996 as a public benefit corporation under New York State law to own and manage the activities of the former City of Utica's Memorial Auditorium. On December 19, 1996, the City of Utica sold the entire facility and its contents to the Authority for one dollar. At that same time, all of the operations of the auditorium facility became the responsibility of the Authority.

The Authority has a nine-member board, which is responsible for the overall direction of the Auditorium. The Oneida County Executive appoints five members and the Oneida County legislature appoints the remaining four members.

The Authority contracts with Garden Entertainment, LLC to manage the day-to-day operations, as discussed in Note 6. The Auditorium is a 3,935-seat arena. It hosts a variety of events, ranging from college and professional ice hockey, basketball tournaments, cheerleading and wrestling competitions, to concerts and trade shows. The Authority also owns several parking lots and lands adjacent to the Auditorium.

In January 2020, The Authority began construction on the Nexus Center Project. The project consists of the design, development, construction, and equipping of an approximately 170,000 sq. ft. sports and recreation facility, known as the Nexus Center. This facility will be considered part of the Authority, as defined in the New York Public Authorities Law, Article 8, Title 10-B, Section 1940.

Oneida County and the Authority determined it was in the best interest of both parties, and the residents of the County, to undertake the Project. The County contributed \$11.8 million for construction and materials costs.

In furtherance of the project, the Authority submitted an application for a capital grant to New York State Empire State Development (ESD). In January 2020, ESD awarded the Authority a \$22 million reimbursement grant. In order to facilitate compliance with the terms of the grant, ESD assigned the grant to the County. The Authority forwards vouchers for completed project work to Oneida County to be paid, in accordance with the terms of the ESD grant agreement. The County will be reimbursed by the ESD grant when the full \$22 million grant amount is spent. The County is recording its project expenditures as Construction in Progress. When the project is substantially complete, a capital transfer will be made from the County to the Authority.

In addition, Oneida County agreed to allocate a portion of the hotel occupancy tax to the debt service owed by the Authority on the bonds.

**Basis of Accounting**

The Authority's financial statements are prepared in accordance with GAAP as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. All activities of the Authority are accounted for within a single proprietary (Enterprise) fund. Proprietary funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income, is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

In accordance with GASB standards, the accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. As required by GASB standards, the transactions of the Authority are accounted for on a flow of economic resources measurement focus and accrual basis of accounting.

**Net Position Classifications**

In the financial Statements, there are three classes of Net Position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets.

Restricted Net Position – reports Net Position when constraints placed on the assets are either externally imposed by grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Authority did not report any restricted net position at December 31, 2020 or 2019, respectively.

Unrestricted Net Position – reports the balance of Net Position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Authority.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Authority has adopted the direct method of reporting net cash flows from operating activities and considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable**

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Prior to 1998, the Authority recorded equipment acquisitions and major building improvements as expenditures in the current period. Generally accepted accounting principles require these assets to be capitalized and depreciated over the assets' useful lives. Effective in 1998, the Authority capitalized equipment and building improvements at cost and recorded depreciation using the straight-line method based upon estimated useful lives of the assets. As stated in the Independent Auditor's Report, this is a departure from GAAP. The assets acquired prior to 1998 should be recorded at estimated historical costs, based on appraisals conducted by independent third-party professionals. The effects of this departure are unknown.

Property, plant and equipment are reported at cost. Cost of current repairs and minor replacements of parts are charged to maintenance and expense accounts as incurred. The Authority's capitalization threshold is \$2,500. The Authority does not capitalize interest.

Depreciation is provided on the straight-line basis using the various lives for each asset which range between 5 and 40 years. When assets are retired or otherwise disposed of, the related assets and accumulated depreciation is written off and any unrelated gains or losses are recorded.

**Deferred Revenue**

The Authority has an agreement with Adirondack Bank for the naming rights of the Auditorium, in which the Authority receives \$150,000 annually of advertising income for naming the Auditorium after Adirondack Bank. The agreement goes from October 1- September 30 each year. Since the agreement overlaps with the Authority's fiscal year, the Authority recognizes one quarter of the advertising income in the current fiscal year, and defers the income relating to the remaining three quarters to the subsequent year when the contract will be fulfilled. At December 31, 2020 and 2019 advertising income deferred was \$112,500, respectively.

**Revenue Recognition**

The Authority distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Operating revenues are mostly comprised of government grant and subsidies revenue resulting from exchange transaction associated with the principal activities of the Authority. The Authority also receives capitalization fund income for ice time rentals. Other operating revenues are recognized when service has been rendered and collection is reasonably assured. The Authority's operating expenses include operations and maintenance expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Reclassification of Prior Year Presentation**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Future Change in Accounting Standards**

- GASB Statement No. 87 – Leases      Effective for the year ended December 31, 2022

The Authority will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

**NOTE 2 TAX STATUS**

As a public benefit corporation, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

**NOTE 3 CUSTODIAL AND CONCENTRATION OF CREDIT RISK**

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may be returned to it. The Authority's cash consists of demand deposits. New York State Public Authority Law governs the Authority's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

At December 31, 2020, and 2019, the Authority's bank deposits of \$54,711 and \$136,649 were fully secured by the FDIC.

**NOTE 4 CAPITAL ASSETS**

Capital Asset activity for the year ended December 31, 2020 is as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,087,595	\$	\$	\$ 2,087,595
Construction in Progress	402,374	1,095		403,469
Total Capital Assets Not Being Depreciated	<u>2,489,969</u>	<u>1,095</u>		<u>2,491,064</u>
<b>Capital Assets Being Depreciated</b>				
Building & Improvements	24,144,671			24,144,671
Equipment	1,892,798	56,135		1,948,933
Total Capital Assets Being Depreciated	<u>26,037,469</u>	<u>56,135</u>		<u>26,093,604</u>
<b>Accumulated Depreciation</b>				
Building & Improvements	4,425,119	1,086,469		5,511,588
Equipment	877,666	158,225		1,035,891
Total Accumulated Depreciation	<u>5,302,785</u>	<u>1,244,694</u>		<u>6,547,479</u>
<b>Net Capital Assets</b>	<u>\$ 23,224,653</u>	<u>\$ (1,187,464)</u>	<u>\$</u>	<u>\$ 22,037,189</u>

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 CAPITAL ASSETS (Continued)**

Capital Asset activity for the year ended December 31, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Prior Period Adjustment</u>	<u>Restated Ending Balance</u>
<b>Capital Assets Not Being Depreciated</b>						
Land	\$ 1,337,595	\$ 750,000	\$	\$ 2,087,595	\$	\$ 2,087,595
Construction in Progress					402,374	402,374
Total Capital Assets Not Being Depreciated	<u>1,337,595</u>	<u>750,000</u>		<u>2,087,595</u>	<u>402,374</u>	<u>2,489,969</u>
<b>Capital Assets Being Depreciated</b>						
Building & Improvements	23,095,594	509,469		23,605,063	539,608	24,144,671
Equipment	<u>2,703,720</u>	<u>155,574</u>		<u>2,859,294</u>	<u>(966,496)</u>	<u>1,892,798</u>
Total Capital Assets Being Depreciated	<u>25,799,314</u>	<u>665,043</u>		<u>26,464,357</u>	<u>(426,888)</u>	<u>26,037,469</u>
<b>Accumulated Depreciation</b>						
Building & Improvements	3,077,540	1,042,843		4,120,383	304,736	4,425,119
Equipment	<u>998,722</u>	<u>208,194</u>		<u>1,206,916</u>	<u>(329,250)</u>	<u>877,666</u>
Total Accumulated Depreciation	<u>4,076,262</u>	<u>1,251,037</u>		<u>5,327,299</u>	<u>(24,514)</u>	<u>5,302,785</u>
<b>Net Capital Assets</b>	<u>\$ 23,060,647</u>	<u>\$ 164,006</u>	<u>\$</u>	<u>\$ 23,224,653</u>	<u>\$</u>	<u>\$ 23,224,653</u>

Depreciation expense charged for the year December 31, 2020 and 2019 was \$1,244,694 and \$1,251,037, respectively.

**NOTE 5 LONG-TERM DEBT**

Long-term debt balances and activity for the year ended December 31, 2020 are as follows:

<u>Issue</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Chiller Project- Bond Payable	\$ 30,000	\$	\$ 30,000	\$	\$
Adirondack Bank- Note Payable	1,685,343		95,408	1,589,936	101,133
Urban Renewal- Note Payable	60,000		12,000	48,000	12,000
Bank of Utica- Note Payable	32,302			32,302	32,302
Bank of Utica- Mortgage 470 Whitesboro St.	<u>715,525</u>		<u>36,592</u>	<u>678,933</u>	<u>39,944</u>
Total	<u>\$ 2,523,170</u>	<u>\$</u>	<u>\$ 174,000</u>	<u>\$ 2,349,170</u>	<u>\$ 185,379</u>

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 LONG-TERM DEBT (Continued)**

Long-term Debt balances and activity for the year ended December 31, 2019 are as follows:

Issue	Beginning Balance	Issued	Paid	Ending Balance	Amounts Due Within One Year
Chiller Project- Bond Payable	\$ 55,000	\$	\$ 25,000	\$ 30,000	\$ 30,000
Adirondack Bank- Note Payable	1,776,710		91,367	1,685,343	95,408
Urban Renewal- Note Payable	72,000		12,000	60,000	12,000
Bank of Utica- Note Payable		32,302		32,302	
Bank of Utica- Mortgage 470 Whitesboro St.		750,000	34,475	715,525	41,039
Total	<u>\$ 1,903,710</u>	<u>\$ 782,302</u>	<u>\$ 162,842</u>	<u>\$ 2,523,170</u>	<u>\$ 178,447</u>

The terms of the Adirondack Bank note payable requires the Authority to maintain an annual debt service coverage ratio (DSCR) of 1.10. The DSCR will be defined as net income / (loss) + depreciation/amortization expense + interest expense, divided by principal and interest payments paid during the year tested. The Authority was in compliance with this covenant as of December 31, 2020 and 2019.

Details relating to the bond, notes, and mortgage payable of the Authority at December 31, 2020 and 2019, are as follows:

Issue	Original Issue	Issue Amount	Final Maturity	Interest	Outstanding Amount	
					2020	2019
Chiller Project- Bond Payable	9/15/2010	\$ 238,000	9/15/2020	3.75-4.00%	\$	\$ 30,000
Adirondack Bank- Note Payable	2/23/2018	\$ 1,850,000	1/23/2033	4.5%	1,589,936	1,685,343
Urban Renewal- Note Payable	2/1/2015	\$ 120,250	2/1/2025	0%	48,000	60,000
Bank of Utica- Note Payable	1/14/2019	\$ 32,302	7/12/2021	4.75%	32,302	32,302
Bank of Utica- Mortgage 470 Whitesboro St.	1/12/2019	\$ 750,000	1/11/2034	5.75%	678,933	715,525
Total					<u>\$ 2,349,170</u>	<u>\$ 2,523,170</u>

Debt service over the remaining term of the debt payable is summarized as follows:

Year	Principal	Interest	Total
2021	\$ 185,379	\$ 109,171	\$ 294,550
2022	160,120	100,928	261,048
2023	167,519	93,529	261,048
2024	175,203	85,845	261,048
2025	171,458	77,590	249,048
2026-2030	995,071	250,169	1,245,240
2031-2033	494,422	26,664	521,086
Total	<u>\$ 2,349,170</u>	<u>\$ 743,898</u>	<u>\$ 3,093,068</u>



**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6        MANAGEMENT CONTRACT**

On September 1, 2013, Garden Entertainment, LLC was contracted to operate the auditorium facility. The agreement was for a term of six years, until August 31, 2019, with a one-time extension of six years to August 31, 2025. On October 17, 2017, the Authority agreed to extend the Management Agreement for an additional ten years to August 31, 2035.

The Authority will utilize the subsidy from the Mohawk Valley Water Authority to pay debt service and operating expenses of the facility, as discussed in Note 5. All operating expenses beyond this are the responsibility of Garden Entertainment, LLC. The Authority retains the responsibility for capital improvements and repairs, and maintenance to the facility.

Under the management agreement, Garden Entertainment pays the Authority a Capitalization Fund Fee (Cap Fee) of \$1 per person for each ticket admitted to an event, and \$3 for each person who is ticketed into the Auditorium Suites. For the year ended December 31, 2020 and 2019, the Authority received a \$79,434 and \$231,993 in Cap Fee Income, respectively. The decrease from year to year was due to COVID-19 closures and restrictions during 2020.

**NOTE 7        OPERATING CONSIDERATION**

The Authority is assisted with its financial activities by receiving an annual subsidy from the County of Oneida (via the Mohawk Valley Water Authority). The subsidy increases by 10% every 6th year for forty years. The payment, which is a payment in lieu of taxes to the County, is provided for under New York State Public Authorities Law Section 1226-r (3) (c). The subsidy is intended to provide the necessary funding to assist the Upper Mohawk Valley Memorial Auditorium Authority in meeting its operating expenses.

The payments are as follows for each year:

1997-2001	\$	500,000
2002-2006	\$	550,000
2007-2011	\$	605,000
2012-2016	\$	665,500
2017-2021	\$	732,050
2022-2026	\$	805,255
2027-2031	\$	885,781
2032-2036	\$	974,359

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8      PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment was made to reclassify certain fixed assets into the proper categories. The adjustment decreased assets and accumulated depreciation by \$24,514, for a net effect of \$0. Adjustments made to specific asset classes are detailed in Note 4 of these financial statements.

A prior period adjustment of \$75,000 was also made to unrestricted net position to increase revenue for advertising income that should have been recognized in the prior year. The full effect of the adjustment to the prior period statement of net position is detailed below:

**Assets**

Accounts Receivable	\$    75,000
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**Liabilities**

Deffered Revenue	\$   112,500
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<b>Net Position</b>	<b>\$   (37,500)</b>
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**NOTE 9      SUBSEQUENT EVENTS**

On September 30, 2021, the Authority issued \$31,805,000 in revenue bonds at 2.00%-3.50%, maturing December 1, 2051, to fund the remaining costs of the Nexus Center Project. On October 1, 2021, the Authority entered into a Project Funding Agreement with Oneida County, where the County agrees to pay the Authority an amount equal to the Debt Service Charges payable on the bonds, commencing May 1, 2023. Additionally, the Authority agrees to make quarterly payments to the County to be used by the County in making these project funding payments

Management has evaluated subsequent events through February 10, 2022, the date on which the financial statements were available to be issued.